

**REPORT OF THE AUDIT OF THE
PERRY COUNTY
SHERIFF**

**For The Period January 6, 2003
Through December 31, 2003**



**CRIT LUALLEN
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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Denny Ray Noble, Perry County Judge/Executive

Honorable Pat Wooton, Perry County Sheriff

Members of the Perry County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, Certified Public Accountants, presents the statement of revenues, expenditures, and excess fees of the County Sheriff of Perry County, Kentucky for the period January 6, 2003 through December 31, 2003.

We engaged Ross & Company, PLLC to perform the audit of this statement. We worked closely with the firm during our report review process; Ross & Company, PLLC evaluated the Perry County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDIT OF THE
PERRY COUNTY
SHERIFF**

**For The Period January 6, 2003
Through December 31, 2003**

**ROSS & COMPANY, PLLC
Certified Public Accountants
800 Envoy Circle
Louisville, KY
Telephone (502) 499-9088
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE PERRY COUNTY SHERIFF

**For The Period January 6, 2003
Through December 31, 2003**

Ross & Company, PLLC has completed the Perry County Sheriff's audit for the period January 6, 2003 through December 31, 2003. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting described in Note 1.

Financial Condition:

Excess fees increased by \$4,560 from the prior year, resulting in excess fees of \$0 as of December 31, 2003. Revenues decreased by \$10,981 from the prior year and expenditures decreased by \$15,541.

Report Comments:

- The Sheriff Should Stay Within The Maximum Amount Allowed By The Fiscal Court For Deputies
- The Sheriff Should Present A Final Settlement To The Fiscal Court

Deposits:

The Sheriff's deposits were insured by guaranty bonds.

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The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Pat Wooton, Perry County Sheriff
Members of the Perry County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Sheriff of Perry County, Kentucky, for the period January 6, 2003 through December 31, 2003. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Sheriff for the period January 6, 2003 through December 31, 2003, in conformity with the regulatory basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2005, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

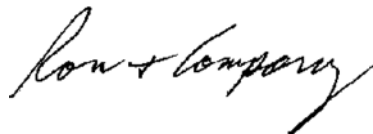
The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Pat Wooton, Perry County Sheriff
Members of the Perry County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The Sheriff Should Stay Within The Maximum Amount Allowed By The Fiscal Court For Deputies
- The Sheriff Should Present A Final Settlement To The Fiscal Court

This report is intended solely for the information and use of the County Sheriff and Fiscal Court of Perry County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company", written in black ink.

Ross & Company, PLLC

Audit fieldwork completed -
January 31, 2005

PERRY COUNTY
PAT WOOTON, COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Period January 6, 2003 Through December 31, 2003

Revenues

| | | | |
|--|----|--------------|---------|
| Federal Grants | | \$ | 11,926 |
| State - Kentucky Law Enforcement Foundation Program Fund | | | 32,983 |
| State Fees For Services: | | | |
| Finance and Administration Cabinet | | | 61,904 |
| Circuit Court Clerk: | | | |
| Sheriff Security Service | \$ | 13,748 | |
| Fines and Fees Collected | | 1,380 | |
| Court Ordered Payments | | <u>2,983</u> | 18,111 |
| Fiscal Court | | | 20,800 |
| County Clerk - Delinquent Taxes | | | 4,714 |
| Commission On Taxes Collected | | | 261,482 |
| Fees Collected For Services: | | | |
| Auto Inspections | \$ | 10,371 | |
| Accident and Police Reports | | 7,697 | |
| Serving Papers | | 39,779 | |
| Carrying Concealed Deadly Weapon Permits | | <u>4,995</u> | 62,842 |
| Other: | | | |
| Sheriff's Add On Fees | \$ | 70,365 | |
| Sheriff's Fees On Taxes | | 3,080 | |
| Refunds | | 7,586 | |
| Reimbursements | | 17,865 | |
| Transporting Prisoners | | 901 | |
| Purdue Pharmaceutical Grant | | 9,261 | |
| Miscellaneous | | <u>1,500</u> | 110,558 |

The accompanying notes are an integral part of this financial statement.

PERRY COUNTY
PAT WOOTON, COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Period January 6, 2003 Through December 31, 2003
(Continued)

Revenues (Continued)

| | | | |
|-------------------|----|---------|---------|
| Interest Earned | | \$ | 2,040 |
| Borrowed Money: | | | |
| State Advancement | \$ | 108,623 | |
| Bank Note | | 150,000 | 258,623 |
| | | | <hr/> |
| Total Revenues | | \$ | 845,983 |
| | | | <hr/> |

Expenditures

Operating Expenditures and Capital Outlay:

| | | | |
|--|----|--------|---------|
| Personnel Services- | | | |
| Deputies' Salaries | | \$ | 365,188 |
| Employee Benefits- | | | |
| Employer's Share Social Security | \$ | 31,207 | |
| Employer's Share Retirement | | 2,114 | |
| Unemployment Insurance | | 3,480 | 36,801 |
| | | | <hr/> |
| Materials and Supplies- | | | |
| Office Materials and Supplies | \$ | 4,599 | |
| Uniforms | | 15,272 | 19,871 |
| | | | <hr/> |
| Auto Expense- | | | |
| Gasoline | \$ | 29,659 | |
| Maintenance and Repairs | | 33,663 | 63,322 |
| | | | <hr/> |
| Other Charges- | | | |
| Radio Expense | \$ | 1,200 | |
| Postage | | 6,135 | |
| Communications | | 5,879 | |
| Copier | | 1,468 | |
| Insurance | | 654 | |
| Computer Service | | 949 | |
| County Collections | | 8,310 | |
| Carrying Concealed Deadly Weapon Permits | | 3,535 | |
| Miscellaneous | | 7,113 | 35,243 |
| | | | <hr/> |

The accompanying notes are an integral part of this financial statement.

PERRY COUNTY
PAT WOOTON, COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Period January 6, 2003 Through December 31, 2003
(Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Debt Service:

| | | | |
|-------------------|----|--------------|-------------------|
| State Advancement | \$ | 108,623 | |
| Notes | | 150,000 | |
| Interest | | <u>4,700</u> | <u>\$ 263,323</u> |

| | | | |
|--------------------|--|--|-------------------|
| Total Expenditures | | | <u>\$ 783,748</u> |
|--------------------|--|--|-------------------|

| | | | |
|--------------|--|--|-----------|
| Net Revenues | | | \$ 62,235 |
|--------------|--|--|-----------|

| | | | |
|-------------------------|--|--|---------------|
| Less: Statutory Maximum | | | <u>62,235</u> |
|-------------------------|--|--|---------------|

| | | | |
|---|--|--|--------------------|
| Balance Due Fiscal Court at Completion of Audit | | | <u><u>\$ 0</u></u> |
|---|--|--|--------------------|

PERRY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

Kentucky Revised Statute (KRS) 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Sheriff as determined by the audit. KRS 134.310 requires the County Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2003 services
- Reimbursements for 2003 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2003

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

PERRY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2003
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems.

This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent for the first six months of the year and 7.34 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. The Sheriff's deposits were fully insured by a guaranty bond, which named the Sheriff as beneficiary/obligee on the bond as of December 31, 2003.

Note 4. Purdue Pharmaceutical Technologies Grant

The Perry County Sheriff's office was awarded a grant from Purdue Pharmaceutical Technologies, Inc. The Perry County Sheriff's office was awarded \$10,000 to help fight the unlawful diversion and abuse of prescription drugs throughout the Perry County area. The Perry County Sheriff put these funds into a separate bank account. At the end of the year there was \$739 left in this account. However, receipt of these funds may not comply with OAG 82-433 and KRS 61.310. The Sheriff has been advised of the necessary action to meet these requirements in the future.

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COMMENTS AND RECOMMENDATIONS

PERRY COUNTY
PAT WOOTON, COUNTY SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Period January 6, 2003 Through December 31, 2003

STATE LAWS AND REGULATIONS:

The Sheriff Should Stay Within The Maximum Amount Allowed By The Fiscal Court For Deputies

KRS 64.530 states the fiscal court shall fix annually the maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant. We recommend that the Sheriff stay within the maximum amount allowed for deputies.

Sheriff's Response:

The Fiscal Court on 11-10-04 approved an adjustment on the maximum amount for deputies and we will stay within the maximum amount in the future.

The Sheriff Should Present A Final Settlement To The Fiscal Court

KRS 134.310(5) states:

“In counties containing a population of less than seventy thousand (70,000), the sheriff shall file annually with his final settlement

- (a) A complete statement of all funds received by his office for official services, showing separately the total income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and
- (b) A complete statement of all expenditures of his office, including his salary, compensation of deputies and assistants, and reasonable expenses.”

We recommend the Sheriff present a final settlement to the fiscal court.

Sheriff's Response:

We will present a final settlement to the fiscal court.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Facsimile (502) 499-9132

The Honorable Denny Ray Noble, Perry County Judge/Executive
The Honorable Pat Wooton, Perry County Sheriff
Members of the Perry County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Perry County Sheriff for the period January 6, 2003 through December 31, 2003, and have issued our report thereon dated January 31, 2005. This was a special report on the County Sheriff's financial statement prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Perry County Sheriff's financial statement for the period January 6, 2003 through December 31, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations.

- The Sheriff Should Stay Within The Maximum Amount Allowed By The Fiscal Court For Deputies
- The Sheriff Should Present A Final Settlement To The Fiscal Court

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Perry County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company", written in black ink.

Ross & Company, PLLC

Audit fieldwork completed -
January 31, 2005

